

## **Answer on Question #60769 - Economics - Microeconomics**

1. American society consists of people with a rather different level of income. The biggest part (99%) is middle or even lower class representatives. At the same time 1% of Americans receives nearly one fifth of the US pre-tax income. Simultaneously, these rich people pay more than one fourth of country's taxes. This inequality is rising without a stopping. American society changes very fast and this 1% of highly successful people are on the top of those who provide significant development of US economy. However, while wealthy people accumulate more and more money and spend them for buying yachts and airplanes, the poorest classes think where to get food for their children.

Contemporary American society put a problem of income inequality on the higher level than race misunderstandings or a problem of the immigration. For instance, 66% of Americans notice there is a conflict of rich and poor and only 38% of respondents say about strong conflict among blacks and whites. Nowadays, America is a wealthy nation, where people judge others by their paychecks' size.

A large number of 1% of the wealthiest Americans inherited their money (actually, 10% of all inheritance in the country belongs to 1 percenters).

At the same time, 1 percenters have a strong desire to develop themselves and their business. Often they work hard and much more, than other people do. But family background and race affect the tendency of people getting riches too. The level of an education of parents has a significant influence on the future success of their children. Also, studies illustrate that 82% of rich Americans are whites. Maybe, it is also a result of the race inequality in the past. As a result, blacks had not a possibility to accumulate such amount of money as whites did.

2. Studies show the spread between rich and poor becomes larger. The problem is that countries with a high level of income inequality have less economic mobility among generations. Parents' status determinates significantly the position of their children in the society. And someone from a low-income family has a fewer chances to become wealthy.

How to address inequality is the question of all times and nations. History has bright examples what we shouldn't do. For instance, it was not a good idea to nationalize a property of wealthy people and to establish such called "power of nations" (as communists did). Not far from this situation are requirements to fix higher rates of taxes for rich than for other groups of society. Both cases mean to decline an interest of people to develop businesses and to show their incomes to administrative bodies.

Better alternative is to cut 1 percenters' social benefits. This measure can help to economize a part of the national wealth.

To my mind, addressing income inequality is not fighting with highly wealthy people. Maybe, better way is to provide a possibility to other 99% to develop their skills and to get an access to a well-paid job. In this case, further progress of the grant system in the education is an opportunity to talented children from poor families to improve their perspectives.

Housing for flotsam also can partly solve the particular problem. Maybe vagabonds do not seek for a job because they are ragtag and no company will hire them. Social housing can help them to return to the normal life.

Going back to taxes, one more possibility to address inequality is to raise the rate of payments on the investment income. The more money person has, the more he or she can invest and to earn higher profits with the lower duties. Rising of the rate to the level of rates paid from salaries will be more profitable and fair for the society.

<https://www.AssignmentExpert.com>